

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN
COTTON TEXTILES

Agreement between Australia and Hong Kong

Addendum

The following communication has been received by the Director-General from the Permanent Mission of Australia, for notification to the Cotton Textiles Committee.

Further to my letter of 23 April 1969¹, I have been instructed to pass to you a copy of a communication addressed to the Government of Hong Kong concerning the Australian Government's request for the resumption of consultations under Article 3 of the Arrangement Regarding International Trade in Cotton Textiles. It would be appreciated if you would advise the members of the Cotton Textiles Committee of this action.

¹See document COT/104/Add.1.

GATT LONG-TERM ARRANGEMENT REGARDING
TRADE IN COTTON TEXTILES

Reference is made to the Australian Government's request for the resumption of consultations under Article 3 of the GATT Cotton Textiles Arrangement.

Supplementary import figures and Australian production figures are attached. Exports of these fabrics are not separately recorded in official statistics. However, exports are known to be negligible.

The Australian Government's request is based on the threat of market disruption facing Australian manufacturers of cotton drills, denims, dungarees and jeans.

There has been a sudden increase in imports from Hong Kong. This is revealed by the moving twelve-monthly clearances (furnished on 11 April) and a comparison of clearances for the first nine months of the current and last financial year. The latter figures show a rise of 25 per cent in imports from Hong Kong for this period and an increase from 43 per cent to 54 per cent in her share of total imports.

In the first three months of 1969, imports of denims and drills from Hong Kong totalled over 528,000 sq.yds. as compared with only 312,000 sq.yds. in the first three months of 1968. In fact, Hong Kong supplied practically all imports of drills into Australia during the period January/March 1969.

A further indication of this rising trend in imports is given by the export authorizations approved by the Hong Kong Commerce and Industry Department. In the first eight months of the scheme's operation authorizations were already in excess of total imports from Hong Kong for the whole of 1967/68.

The Hong Kong Government has already been advised that Hong Kong fabrics are available in Australia at prices well below those of comparable Australian fabrics. This has resulted in one major Australian user making severe cuts in his Australian purchases and importing the bulk of his requirements. Should this situation continue, and the Australian Government has evidence that it will unless action is taken to counter it, other major users, for competitive reasons, will be forced to follow suit.

Of the total Australian market for woven cotton textiles about 15 per cent only receives tariff protection. Almost 40 per cent of Australian production in this protected area is represented by fabrics now under consideration and almost 90 per cent of such production is normally purchased by five major Australian users. In these circumstances any further loss of orders can have only a most damaging effect on the local weaving industry.

It is the opinion of the Australian Government that this situation represents a real threat of disruption to the Australian market.

The Hong Kong authorities have been informed, through the Australian Trade Commission in Hong Kong, that the Australian authorities would be glad to resume consultations in mid-June at a date suitable to the Hong Kong authorities.

WOVEN COTTON DRILLS, DENIMS, DUNGAREES AND JEANS -
AUSTRALIAN IMPORTS AND PRODUCTION

Import Clearances

	1964/65		1965/66		1966/67		1967/68		Nine months ended March	
	Sq.yds. ('000)	\$'000	Sq.yds. ('000)	\$'000	Sq.yds. ('000)	\$'000	Sq.yds. ('000)	\$'000	1968 Sq.yds. ('000)	1969 Sq.yds. ('000)
United Kingdom	862.6	408.9	946.5	470.6	215.0	108.7	77.3	39.2	75.1	2.2
Hong Kong	614.5	180.9	1,366.1	370.1	1,283.0	358.5	1,409.1	377.1	970.6	1,212.1
China Mainland	75.7	17.4	100.0	26.0	194.1	59.5	94.8	27.6	88.1	159.7
Japan	255.4	111.7	253.7	104.3	424.0	198.2	879.9	363.4	600.7	228.3
United States	518.2	209.5	660.7	267.2	1,219.3	623.3	687.9	297.7	516.2	615.6
Other	25.9	5.9	160.7	28.2	90.5	23.8	8.1	2.1	6.3	13.1
TOTAL	2,352.3	934.3	3,487.7	1,266.9	3,425.9	1,372.0	3,157.1	1,107.1	2,257.0	2,231.0

AUSTRALIAN PRODUCTION	
Year	Sq.yds. ('000)
1964/65	20,282
1965/66	20,438
1966/67	22,379
1967/68	21,962
Eight months ended February	
1968	13,670
1969	13,799

APPARENT AUSTRALIAN DEMAND FOR COTTON DRILLS,
DENIMS, DUNGAREES AND JEANS

('000 sq.yds.)

	Imports	Australian production	Apparent demand
1964/65	2,352	20,282	22,634
1965/66	3,488	20,438	23,926
1966/67	3,426	22,379	25,805
1967/68	3,157	21,962	25,119
Eight months to February 1968	2,257	13,670	15,640
Eight months to February 1968	2,231	13,799	15,863

(Furnished to Hong Kong Government on 11 April 1969)

AUSTRALIAN IMPORT CLEARANCES OF COTTON DRILLS,
DENIMS, DUNGAREES AND JEANS FOR SELECTED COUNTRIES
ON MOVING TWELVE-MONTHLY BASIS

('000 sq.yds.)

	Mainland China	Hong Kong	Japan	Total
October 1966 to September 1967	215.2	1,337.5	407.0	3,469.1
November 1966 to October 1967	215.5	1,343.5	410.8	3,368.6
December 1966 to November 1967	209.7	1,333.9	441.1	3,157.9
January 1967 to December 1967	194.7	1,306.7	514.2	3,076.7
February 1967 to January 1968	163.6	1,197.3	602.4	2,809.3
March 1967 to February 1968	165.1	1,249.5	637.2	2,971.8
April 1967 to March 1968	189.3	1,268.1	704.4	3,032.8
May 1967 to April 1968	153.1	1,326.4	762.9	3,085.1
June 1967 to May 1968	143.6	1,346.1	895.2	3,210.8
July 1967 to June 1968	96.9	1,409.1	879.8	3,157.1
August 1967 to July 1968	112.0	1,439.2	863.4	3,162.0
September 1967 to August 1968	128.5	1,415.8	963.0	3,142.4
October 1967 to September 1968	133.3	1,349.5	937.3	3,058.0
November 1967 to October 1968	132.4	1,423.8	932.1	3,207.7
December 1967 to November 1968	149.3	1,450.8	866.4	3,246.7
January 1968 to December 1968	149.3	1,434.3	798.1	3,222.4
February 1968 to January 1969	164.3	1,628.8	661.5	3,395.0
March 1968 to February 1969	186.2	1,636.6	597.9	3,250.9

(Furnished to Hong Kong Government on 11 April 1969)
AUSTRALIAN MONTHLY IMPORT CLEARANCES FROM SELECTED COUNTRIES -
COTTON DENIMS, DRILLS, DUNGAREES AND JEANS

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Quantity: '000 sq.yds.
Value : \$A'000

	China Mainland		Hong Kong		India		Japan		United Kingdom		United States		Other		Total	
	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
<u>1965</u>																
November	-	-	179.6	42.9	1.6	0.3	27.0	10.7	148.0	74.1	84.1	38.9	19.8	3.6	460.1	170.5
December	-	-	67.9	14.6	0.8	0.3	5.4	2.6	152.6	75.0	70.8	26.7	0.1	0.4	297.6	119.6
<u>1966</u>																
January	17.3	4.0	32.0	7.7	11.5	2.8	73.3	26.3	65.0	31.9	21.2	8.0	-	0.3	220.3	81.0
February	45.8	11.7	164.0	42.0	-	-	9.3	4.1	83.5	41.3	31.9	13.4	-	0.1	334.5	112.6
March	-	-	124.6	36.5	-	-	26.5	13.0	101.0	50.3	91.3	35.0	2.7	1.4	346.1	136.2
April	15.6	3.6	77.2	23.1	2.4	0.9	2.1	0.8	61.1	30.4	20.4	8.4	-	-	178.8	67.2
May	-	-	95.9	26.6	3.9	0.8	3.9	2.0	57.7	28.4	48.0	19.2	20.0	2.7	229.4	79.7
June	12.2	4.0	189.2	50.8	-	-	12.6	5.8	30.4	16.0	57.8	24.8	-	0.1	302.2	101.5
July	8.6	2.4	126.6	33.2	-	-	29.3	14.0	29.9	14.5	9.9	4.8	0.5	0.3	204.8	69.2
August	4.9	1.5	88.4	22.9	3.0	0.9	41.0	18.7	101.9	51.4	56.0	27.0	0.1	-	295.3	122.4
September	10.1	3.1	78.7	22.2	-	-	38.0	18.4	30.1	15.2	107.9	57.2	10.5	4.0	275.3	120.1
October	0.6	0.2	126.1	36.1	10.7	3.2	32.5	15.7	11.8	6.5	133.4	63.7	-	-	315.1	125.4
November	5.8	1.9	107.0	30.7	2.3	0.5	42.0	19.3	0.3	0.1	195.5	110.9	27.5	3.7	380.4	167.1
December	15.0	4.5	107.4	31.3	-	-	8.3	3.7	4.0	2.1	153.2	72.3	-	-	287.9	113.9
<u>1967</u>																
January	31.1	9.3	170.8	48.3	1.8	0.6	55.8	26.9	8.2	3.9	220.9	118.7	10.8	3.8	499.4	211.5
February	16.8	5.2	63.4	16.8	1.8	0.5	38.6	18.9	1.9	0.9	43.2	20.5	-	-	165.7	62.8
March	-	-	116.8	31.3	2.4	0.7	34.8	17.0	-	-	72.2	41.5	0.1	0.1	226.3	90.6
April	36.2	10.6	63.5	18.5	-	-	15.4	7.4	11.8	6.1	107.2	51.0	-	0.2	234.1	93.8
May	9.5	2.9	119.5	34.8	1.5	0.4	63.3	26.8	0.1	0.1	58.7	27.7	-	0.1	252.6	92.8
June	55.5	18.0	114.5	32.2	0.6	0.2	25.0	11.4	15.0	8.0	61.3	28.0	17.2	4.7	289.1	102.5
July	9.6	2.7	106.6	30.5	-	-	27.1	13.1	27.3	14.0	79.9	33.1	-	-	250.5	93.4
August	10.1	2.9	67.4	18.2	-	-	25.2	11.7	42.1	21.5	104.1	45.5	-	-	248.9	99.8
September	25.0	7.7	174.5	47.0	-	-	39.0	18.2	-	-	80.5	34.7	0.1	0.1	319.1	107.5
October	0.9	0.4	132.1	37.4	4.8	1.5	36.3	17.4	0.1	0.1	40.3	20.9	0.1	-	214.6	77.7
November	-	-	97.4	23.6	-	-	72.3	32.1	-	-	-	-	-	-	169.7	55.7
December	-	-	80.2	23.4	-	-	81.4	33.1	-	-	43.8	15.9	1.3	0.4	206.7	72.8
<u>1968</u>																
January	-	-	61.4	17.2	-	-	144.0	49.3	0.4	0.2	26.2	11.3	-	0.1	232.0	78.1
February	18.3	4.5	115.6	32.2	-	-	73.4	30.8	5.2	2.4	115.7	50.0	-	-	328.2	119.9
March	24.2	7.0	135.4	35.7	-	-	102.0	41.1	-	-	25.7	10.8	-	-	287.3	94.6
April	-	-	121.8	32.4	-	-	73.9	36.1	-	-	90.7	40.1	-	-	286.4	108.6
May	-	-	139.2	32.8	-	-	195.6	76.0	1.9	0.8	41.6	18.9	-	-	378.3	128.5
June	8.8	2.4	177.5	46.7	-	-	9.6	4.6	0.3	0.3	39.2	16.4	-	0.1	235.4	70.5
July	24.7	6.5	136.7	36.3	-	-	10.7	5.1	-	-	83.3	39.5	-	-	255.4	87.4
August	26.6	7.3	44.0	10.8	-	-	124.8	49.7	-	-	33.8	16.4	-	-	229.3	84.2
September	29.8	7.7	108.2	32.9	-	-	13.3	6.3	1.2	0.8	82.2	37.4	-	-	234.7	85.1
October	-	-	206.4	57.8	2.6	0.7	31.1	14.9	-	-	121.2	43.2	3.0	1.0	364.3	117.6
November	16.9	4.3	124.4	35.5	-	-	6.6	3.2	-	-	60.4	27.5	0.4	0.3	208.7	70.8
December	-	-	63.7	17.7	6.9	1.9	13.1	6.2	0.4	0.4	98.2	44.1	0.1	-	182.4	70.3
<u>1969</u>																
January	15.0	4.9	255.9	85.0	-	-	7.4	3.8	0.6	0.3	125.7	56.5	-	-	404.6	150.5
February	40.2	13.9	123.4	31.7	-	-	9.8	5.3	-	-	10.7	4.5	-	-	184.1	55.4